

post

Southeastern Michigan Housing, LLC

102 South Main Street
Mt. Pleasant, MI 48858

September 6, 2007

Ms. Mary Levine, Acting Director of Legal Affairs
Michigan State Housing Development Authority
735 E. Michigan Ave.
Lansing MI 48909

RECEIVED
SEP 25 2007
MSHDA-Legal

RE: DRAFT QUALIFIED ALLOCATION PLAN

Dear Ms. Levine:

As a member of the affordable housing community, I am deeply concerned by the draft Qualified Allocation Plan (QAP) recently released by the Michigan State Housing Development Authority (MSHDA) and would like to express my misgivings. At the public forums many people from Michigan's most experienced affordable housing community asked that certain principles be included in any new QAP. Some of those items requested but not included are:

- Affordable housing practitioners asked for keeping consistency and making only minor changes in order to foster development of affordable housing. MSHDA responded with an untested model for alleviating homelessness to the detriment of the low and moderate income families. These financially risky models were never the intent of the LIHTC.
- Affordable housing practitioners asked for a fair allocation of scarce resources. MSHDA responded by directing housing credit to the city(ies) of their choice and to special interest groups.
- Affordable housing practitioners asked for increased incentives for the preservation of existing affordable housing developments. MSHDA eliminated the preservation incentives holdback entirely.

Additionally, I am troubled by several new features of the proposed QAP. My first concern is the new requirement whereby LIHTC developments must conform to prevailing wage requirements. If this requirement is implemented many developments will not achieve feasibility due to the 10-20% higher construction costs. Fewer construction jobs will be created in the process at a time when the employment outlook in Michigan is already bleak.

Secondly, developers have traditionally desired enough time between funding rounds to allow for improving their application and to reapply in the next funding round if an award has not been achieved. The Expected Award date of March 2008 and the next Funding Round of April 2008 make the opportunity to reapply out of the question.

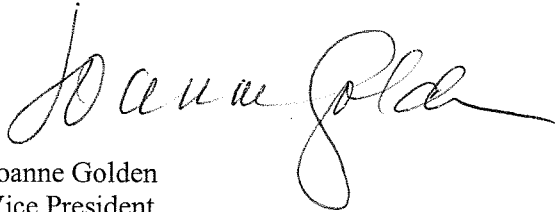
Ms. Mary Levine
September 6, 2007
Page Two

The draft QAP fails as a policy initiative and will effectively cripple the production of affordable housing in Michigan and compound the problems already faced by the Michigan economy and our construction industry. I strongly recommend you consider the voices of the development community before taking action on the draft QAP.

The draft QAP should not be adopted by the MSHDA Board or approved by the Governor without significant revisions, and until an acceptable plan can be put forward, MSHDA should immediately schedule an October tax credit round using the current QAP.

Sincerely,

SOUTHEASTERN MICHIGAN HOUSING, LLC

A handwritten signature in black ink, appearing to read "Joanne Golden", with a long, sweeping horizontal line extending to the right.

Joanne Golden
Vice President

cc: Honorable Jennifer M. Granholm
Bernie Gliberman, Chairman, MSHDA Board
(State Representative)
(State Senator)